



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

## MEMORANDUM

To: Reporters and Editors  
Re: WTO approval of FSC/ETI retaliation  
Da: Wednesday, May 7, 2003

Today the World Trade Organization authorized the European Union to impose up to \$4 billion in additional duties on a variety of U.S. exports because the United States has not completed action to repeal the Foreign Sales Corporation/Extraterritorial Income Exclusion Act. Sen. Chuck Grassley, chairman of the Committee on Finance, made the following comment on today's development.

"This development isn't unexpected. The European Union first requested this authorization in November 2000 and announced a final draft list of products subject to retaliation this past February.

"It's important to remember that today's action doesn't mean that the EU will impose extra duties any time soon. The Europeans know we're working on this issue. I've encouraged them to exercise restraint before moving forward with any sanctions so our legislative process can move toward a resolution of this issue. They're exercising that restraint. I believe this will be helpful as we continue to move forward.

"I'm committed to complying with the WTO decision once the Finance Committee has completed action on an economic growth package, and the threat of sanctions won't change our timetable for addressing this issue. Already one bill has been introduced in the House providing for the repeal of FSC/ETI. I'm studying several proposals, and I'll continue working with Senator Baucus to reach agreement on introducing legislation in the Senate. I intend to work to enact legislation this year, before the end of this year's congressional session.

"Imposing sanctions would only disrupt this ongoing process and cause further delays in achieving a resolution. The retaliation list targets many important exports, among them a number of agricultural exports including both corn and soybean products. Sanctions would needlessly elevate bilateral trade tensions in the targeted areas and derail our efforts to resolve this issue in a timely way. Sanctions could also lead to a deeper economic slowdown when we need to do all we can to expand world trade and economic growth."